

I. AGRICULTURE IN SERBIA

This agriculture assessment is intended as input for the USAID Mission in SAM during its planning of support for economic growth objectives. The Agriculture Assessment Team analyzed constraints to growth, reviewed USAID's Community Revitalization through Democratic Action (CRDA) program, programs of other donors and the Governments of Serbia and Montenegro and looked at current developments in the private sector that offer promise in regards to future agriculture economic value. It is important to note that this report was not intended to formally assess the CRDA program and is not based on research adequate for that purpose. The Agriculture Assessment Team did however seek to gain a better understanding of the existing economic development contract structures currently being implemented by the five program implementers and in doing so, the team offers some ideas they feel would help evolve the program towards sustainability.

Macro-economic performance

From 2001 to 2003, GDP rose by 3-4 percent annually,¹ with the agriculture and service sectors leading the way. Economic growth in Serbia is currently estimated to reach 5.6 percent in 2004, despite lagging growth of industrial production of only 3.9 percent.² The IMF projects growth of 5 percent in 2005.³

The prospects for continued growth of the agricultural sector through increased domestic demand for food and other agricultural commodities are positive, if not robust. Investment should increase and output should continue to grow as credit becomes more readily available. Due largely to improved monetary policy, inflation has moderated rapidly, falling from over 60 percent in 1999 to 25 percent in 2002 and 6 percent in 2003.⁴ External factors, such as oil prices, are expected to cause a small increase in inflation for 2004.⁵ The foreign debt load is being managed after years of sanctions by the international financial institutions. Following a Stand-by Arrangement with the IMF in 2001 and a three-year extended arrangement in 2002, the new Government in Serbia reached a new agreement with the IMF in May 2004. SAM reached an agreement through the London Club in July 2004 which included writing off 62 percent of the outstanding commercial bank debt.⁶

Offsetting these trends are other signs of economic insecurity. Unemployment is high

¹ World Bank, *World Development Indicators Database*, August 2004.

² Forecast by G17 Institute. Reported in *Executive Newsletter*, No. 564, p.2, August 5, 2004.

³ U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

⁴ Refers to GDP deflator, as reported in World Bank, *World Development Indicators Database*, August 2004.

⁵ U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

⁶ *Executive Newsletter*, No. 564, erratum, August 2004.

(14-17 percent⁷), particularly in the south. The trade deficit has risen from \$1.3 billion in 1999 to \$3.6 billion in 2002 and \$4.4 billion 2003.⁸ It is expected to reach \$6 billion in 2004.⁹ The banking sector, while improving, is weak. The debt burden is heavy but not as onerous as in some countries, with debt service at 3 percent of export value in 2002¹⁰ and total debt projected in 2004 of \$14 billion.¹¹ The current account deficit remains large at 13 percent of GDP, although the IMF expects it to fall to 11 percent in 2004. The budget deficit shrank below 4 percent of GDP in 2003.¹² Government continues to be an excessively large part of the economy with spending 44 percent of GDP.¹³ The large level of “informal” activity (30-40 percent of GDP¹⁴) may be viewed as positive, since it indicates that the overall economy is larger than recorded, or a negative, since it indicates the existence of a large segment that is poorly regulated and untaxed.

Sector size and potential

Agriculture is essential to the aggregate economic performance of Serbia and to stabilization of southern Serbia. It provides 20 percent of export value and a quarter of GDP in Serbia, while nearly a fifth of the population is engaged in farming on a full-time basis (840,000 jobs in agriculture). Agriculture was relatively stable during the major declines of GNP experienced during the 1990s. It dipped in 1993 to its lowest point at 85 percent of its value in the 1980s. GDP in Serbia was at its lowest point that year, only 41 percent of its level in the 1980s. Serbia is a major regional producer of corn, ranking third in Central Europe behind only Romania and Hungary. Livestock production has declined due largely to a loss of marketing outlets.¹⁵

Vojvodina, in the north of Serbia, continues to have a successful agriculture, with relatively large production units, efficient processing and significant export potential. It provides about 30 percent of pig and poultry, 60 percent of wheat and corn production and 90 percent of sunflower and sugarbeet production.

Central Serbia, including Belgrade, is more urban. Unlike the north, nearly all production is on private plots. Fruits and vegetables are widely produced for use within Serbia. Most of Serbia’s raspberry exports originate here.

The south of Serbia, comprising 44 percent of the land area, has much higher poverty

⁷ U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

⁸ World Bank, *World Development Indicators Database*, August 2004.

⁹ Statement by Minister of Trade, Tourism, and Services Bojan Dimitrijevic, reported in *Executive Newsletter*, No. 587, p. 1, September 7, 2004.

¹⁰ World Bank, *World Development Indicators Database*, August 2004.

¹¹ U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

¹² U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

¹³ U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

¹⁴ U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

¹⁵ Republic of Serbia, *Agricultural Sector Review*, January 14, 2003.

rates and much less competitive agriculture. GDP per capita is 35 percent less than in the north. Livestock production is dominant in the region although fruits are also important. Only a small proportion of their agricultural output is marketed. Lamb and cheese production face marketing and processing problems, but have potential to increase substantially, based on the resources available.¹⁶

Agriculture accounts for nearly 20 percent of Serbia's exports. About 30 percent of the world's international trade in raspberries comes from Serbia, mostly in frozen form. Although fresh raspberries would command a much higher price, infrastructure weaknesses that delay reaching markets and the need to package the berries in smaller units prevent exploitation of that demand. Other important agricultural exports include cereals, meat products and edible oils. Nominal protection coefficients, which compare producer prices to border prices, were calculated for some commodities for 2002 and showed net price support in four commodities: refined sugar (1.52), wheat (1.12), corn (1.04), and pork (1.13). Three commodities showed net taxation: soybeans (.89), raspberries (.75), and sunflowers (.66).¹⁷

The farmer population is aging, with a current average age of 55. About 97 percent of farmers are on plots less than 3 hectares in size. Over 40 percent of the population of Serbia lives in rural areas. Of these, nearly 30 percent are classified as living in poverty with incomes below \$2 per day.

Getting More from Raspberries:

One small SEDP pilot project, which would generate seven times more profit to the growers, involves exporting fresh raspberries to Germany. They are working closely with the Ministry of Agriculture to increase value by extending the growing season of raspberries. The current raspberry season spans only 3 weeks, during which 80,000 metric tons of raspberries are sold. The market is flooded for that period and global prices become severely depressed. Since there is a flight to the freezers and cold stores, high prices are charged at these times. The idea is to extend the raspberry growing season from 3 weeks to 5 months (May to Sept). At a minimum, this would help stabilize prices and contribute to the higher value fresh export market. One notable constraint is the current inability to protect companies legally when introducing new plant species into the market, despite laws already passed for that purpose.

Policy

The net effect of Government policies on agriculture has rarely been formally quantified,¹⁸ but it is clear that those policies have shifted from the low price policies of the Milosevic regime toward policies that provide greater incentives for agricultural production. Low food prices, which were intended to assist consumers, were maintained through direct price controls. The theoretical effect of removing such controls would be increased productivity and improved quality, but these changes are not easily observed due to other changes in the policy environment. Current policies do little to assist the poorest farmers, particularly those with little

¹⁶ Republic of Serbia, *Agriculture Sector Review*, January 2003, Table 6, p.53.

¹⁷ Republic of Serbia, *Agriculture Sector Review*, January 2003, Table 6, p.53.

¹⁸ Measuring producer subsidy equivalents, for example, would reveal the impact of all policies on producers in the agriculture sector or producers of a specific agricultural commodity.

marketed output.

Agricultural subsidies in recent years have absorbed 3-5 percent of spending by the Government of Serbia and more than half the budget of the Ministry of Agriculture, Forestry and Water Management. The bulk of the payments support prices for sugarbeets, dairy and tobacco, reaching a relatively small proportion of farmers nationally. The emphasis on this mechanism by the GOS to assist agriculture is apparently declining since the tripling of the Ministry budget for 2005 is not to be accompanied by an increase in subsidies.

Perhaps the greatest market distortions derive from activities of the Directorate for Commodity Reserves. Its putative role is to stabilize markets and to hold a strategic food reserve. In practice, it buys more than half of marketed wheat production at prices above the border level and accumulates stocks in excess of any strategic need. This has the effect of establishing a floor price, even though the policy of setting floor prices was officially abolished in 2002. Equally important, it has, in recent years, supplied agricultural inputs on a barter basis. This has crowded out private suppliers and, by obscuring the price of inputs, inhibited the transparency of its policies and impacts. It also provides credit for crops, with unknown effect on credit markets.

Privatization continues to reduce the proportion of the economy owned by the state utilizing financial assistance from the World Bank and the European Agency for Reconstruction. Privatization of public enterprises has proceeded very slowly such that there are still 7,500 companies in the portfolio of the Privatization Agency. By the end of 2003, about 1000 companies had been privatized, yielding revenue to the Serbian Government of \$1.3 billion in 2003.¹⁹ In 2004 proceeds in 2004 are expected to total €70-80 million for 140 companies, and to be supported by a further €25 million in new investment into those firms. Although most socially owned enterprises in the agricultural sector are engaged in production, such enterprises more important to the processing subsector. Associated with privatization is the rise in foreign direct investment. The largest recent investment was U.S. Steel's the acquisition of Sartid, a Serbian steel producer. Within the privatization process, Phillip Morris purchased a tobacco factory in Nis in late 2003.

About 85 percent of Serbia's 800,000 farms are privately owned. The socially owned processing enterprises continue to dominate that sub-sector. Many were involved in privatization, but remain more than 50 percent owned by workers or the state. The main impact of privatization was to break up the large, vertically integrated agricultural kombinats into smaller business entities. This disaggregation will facilitate further privatization, but has not to date resulted in responsiveness to market incentives. Subsidies are given, in effect, to agricultural processing by failing to collect debts owed by the socially owned agricultural enterprises. Like other forms of subsidy, the levels of this support are not reported in a transparent manner. Further privatization of cooperative production units is often hindered by unclear land tenure,

¹⁹ U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

i.e., the lands rights held by members of the cooperative are not generally agreed or legally specified.

Public spending on agricultural **research and extension** has been relatively low as policy favored price supports in recent years. However, a substantial research system has been established, based on agricultural universities, six research stations, and testing laboratories. These institutions remain effective. Research institutions fall under the Ministry of Science Technology and Development. The extension of their finding and recommendations is a larger problem for agriculture. Extension services are provided through the Institute for Science Application in Agriculture, which employs about 750 staff based on 34 agricultural stations. Agricultural economics is particularly poorly informed, with little price information, price forecasting, or other marketing information being widely available.

Trade policy is being adjusted in response to harmonization pressures with Montenegro, the EU and for compatibility with the EU. Each of these implies liberalization but Serbia has not responded vigorously, although the maximum tariff rates have declined. It is not aggressively seeking EU or WTO membership, the latter likely to require at least ten more years despite having applied for membership in 2002. Export quotas are a common tool of Serbian trade policy, including wheat, corn, and sunflower oil. Quotas have been placed on several crops that are imported on balance, demonstrating the irrationality of the quota schedule. Export subsidies were reintroduced in 2002.

Exports to the EU are blocked largely by non-tariff barriers, such as phyto-sanitary regulations. These are generally poorly understood by Serbian producers. Serbia enjoys preferential trade treatment from the EU in some commodities, despite its slow progress toward EU accession. Most substantial of these is probably the lifting on July 22, 2004, of the 15-month suspension of preferential treatment of sugar imports to the EU from Serbia. The suspension was in retaliation for repackaging of sugar by certain Serbian companies to use the preference for sugar produced outside Serbia. Sugar was stockpiled in Serbia during the suspension with the result that total export value for sugar from Serbia is expected to reach \$100 million for 2004.²⁰

The Union Government has been unresponsive to the needs of WTO compliance. For example, it has not passed legislation on intellectual property or on standards, although such WTO-compliant legislation has been pending since the summer of 2003. The delay in passage and implementation is a significant inhibition to further foreign investment. Agricultural trade issues are most directly addressed in the accession document coded as ACC-4. The Serbian Government Ministries responsible for providing data for preparing this document have been unable or unwilling to do so. The Minister of Agriculture has established working groups, in cooperation with the WTO Accession Project, to revise draft laws related to food safety, veterinary services, phyto-sanitary measures and genetically modified organisms.

²⁰ Cable: Serbia Economic Bulletin (Belgrade 01645), August 4, 2004.

Land tenure

Land tenure is often described as uncertain in Serbia, but it is not the major constraint on agriculture found in the early stages of transition in the Balkans. It is more significant as a constraint on foreign investment and privatization. Some agricultural cooperatives and state-owned processing facilities continue to hold land and various depreciating assets because they have not clarified their ownership.

Land disputes are not responsible for excessive fallowing of land. Land rental is generally available, providing the capacity to overcome fragmentation that still inhibits efficiency. Long-term and formal land leasing is less common, with the result that rented land may not receive an efficient amount of investment, such as irrigation or drainage.

Insecure tenure is not a major constraint on agricultural borrowing since agricultural land is not useful as collateral regardless of security of tenure. The assessed value of land generally exceeds by 200-300 percent the price available on the market, if any price at all exists.

The World Bank has undertaken development of a cadastre and expects to complete the database by 2008. The EAR is providing €8-10 million for equipment to assist land registration.

Irrigation

Most of the existing 280 existing irrigation facilities are in the north, although ecological conditions favor much broader usage. Rainfall quantity and variability are major constraints to agricultural production. Existing systems are typically more than 30 years old and have been poorly maintained over the past decade. However, poor farm management has led to underutilization of existing systems, so they have remained effective.

The prevalence of informal irrigation systems on small plots has not been measured, although it is clear that gravity-fed drip irrigation is increasingly used, particularly on tree crops.

Credit

Serbia's banking system was largely destroyed during the Milosevic era as a result of directed lending to state companies, embezzlement, and cronyism. After Milosevic, reform of banking legislation and supervision has been a high priority for the Serbian reformist government. USAID's activities aimed at tackling macro-economic reforms and central bank strengthening are helping to address the severity of this problem. With the consolidation and liquidation of many of the banks underway, along with improved banking laws, lower inflation, and improved access to euro capital markets, there has been a noticeable increase in lending by the licensed commercial banks.

The Government of Serbia recently established a program to provide credit to farmers

at subsidized rates, but it has not become effective. The short-term loan program was offered to banks in a form that effectively made them administrators of the government funds. The size of loan depended only on the land owned by the applicant and no assessment of creditworthiness was undertaken. The Government absorbed all risks and the banks were essentially offered a fee consisting of a portion of the interest payments. ProCredit Bank was the only bank to accept the Government plan. It has calculated the cost of administering these loans as exceeding the fees they receive. They accepted the program as a way to expand their base among farmers. The long-term loan program was not accepted by any bank, mainly because banks must absorb 30 percent of the risk of the loans and the terms of the loan did not allow for adequate risk control.

The only major provider of credit to agriculture in Serbia is ProCredit Bank. ProCredit was formed in 2001 by the three development agencies (EBRD, IFC, KfW) and three commercial entities (IMI, Commerzbank, FMO) as a full service bank focused on lending to micro-, small-, and medium-sized enterprises. It has extended itself to 23 branches and five credit offices in 16 cities. Their early experience in Novi Sad demonstrated the demand for agricultural loans and they developed technology and expertise to serve that market. Today, 29 percent of their business loans and 17 percent of their loan volume are for agricultural purposes, totaling about 5000 loans. Only 17 percent of these agriculture loans are for less than one year. About half are for 12-24 months.

ProCredit's dominant position in agricultural lending derives from their focus on small businesses, a strategy that rarely overlaps with other commercial bank targets. Most banks set a minimum of €25,000 for loans while ProCredit loans average about €4700. Micro-loans account for 85 percent of their business and they average only €2500. The AgroBank lends mainly to large State cooperatives. ProCredit is able to earn commercial rates of profit through their expertise and experience in this area while few other banks actively pursue such small loans. The only significant exception is Opportunity International which also targets small loans, but only 10 percent of its loans are for agricultural purposes.

The collateral associated with ProCredit Bank loans varies with loan size. Loans under €2000 require no collateral. Larger loans require moveable assets as collateral, including equipment and livestock. Land is never used as collateral because it cannot typically be sold at the assessed value.

ProCredit recognizes that the market for agricultural loans is unfulfilled. Its expansion is limited by the capital it has available. It has grown through increases in equity from its shareholders, which is now approaching €20 million, and through deposits. Deposits rose from €36 million in 2001 to €67 million in 2004, but continued growth is constrained by the poor growth of the Serbian economy.

ProCredit was in negotiation with USAID's Development Credit Authority over issuing

a corporate bond until the spring of 2004 when the Serbian Government announced Treasury bonds at rates that would crowd out any interest in the ProCredit bond.

ACDI/VOCA is planning a rural finance study to begin August 7.

Foreign direct investment

Foreign direct investment (FDI) in agriculture has been important in recovery of the sector, particularly in food processing. For example, in February 2004, the French firm Bongrain bought the Zrenjanin dairy plant for €4 million. In the following six months, it has invested in equipment upgrades and increased production by 8.5 percent, while increasing its exports. FDI across all sectors in Serbia totaled \$1.3 billion in 2003.²¹ The United States is the largest foreign investor in Serbia.²² Although such investment is not large enough to serve as a reliable mechanism for driving growth, the opportunity for FDI in the agriculture sector is significant. Many large U.S. organizations, such as Kraft, are making serious inquiries. One of the largest fresh fruit companies in the world (Driscoll) is interested in investing in Serbia but will not until the intellectual property issues get resolved. The largest independent prune producer in California (Calprune) has recently purchased a processing factory in Serbia and is seeking 2000 hectares of land to begin growing and processing prunes for export to Germany and Russia. Van Drunen Farms is another U.S. company which has made a large investment in Serbia. They specialize in freeze-dried food products and have refurbished an old factory in Serbia and outfitted it with state-of-the-art freeze dry processing equipment. The factory is scheduled to come on-line during late 2004. Italian investors have led a surge in production of snails for export. The Government of Serbia is forming a Ministry of the Diaspora which is likely to address ways to encourage investment from outside Serbia.

A primary constraint to FDI involves lack of enforcement of intellectual property protecting certain plant and seed varieties. These issues are currently being addressed by the International Union for the Protection of New Varieties of Plants (UPOV) through the WTO. Resolving this issue will certainly improve the conditions for FDI. Other major constraints to FDI include obtaining clear land title and the slow pace of privatization.

Leasing

The International Financing Corporation's Southeast Europe Enterprise Development program, coupled with substantial private sector involvement, was instrumental in the adoption of leasing legislation and development of a leasing market in Serbia. The passage of the Leasing Law in May of 2003 resulted in an improved overall tax environment and a major increase in leasing activity that reached approximately €150 million in the first year.

A year after the legislation was introduced, as many as nine leasing companies were registered in Serbia, mostly founded by foreign banks. Raiffeisen, for example, has processed

²¹ U.S. Commercial Service, *Country Commercial Guide: Serbia and Montenegro*, 2004 Update.

²² U.S. Department of Commerce, *Central and Eastern Europe Commercial Update*, January/February 2004.

€40 million in financial leases during the past six months and estimates that they will have processed €100 million by the end of a year of operations. They currently operate out of 15 offices in the Belgrade area and plan on expanding into new markets in the near term. To mitigate their risk, Raiffeisen approves financing through the larger established companies, such as Imkek, a large dairy producer who, in turn, provides the guarantee and collects the payments from their respective suppliers. In order to limit administrative costs, the minimum lease considered is \$20,000, with an average lease period of 2-5 years. Under special circumstances, 7-year terms may be considered.

II. AGRICULTURAL RECOMMENDATIONS FOR THE SERBIA STRATEGY

Although the Agriculture Assessment Team recognizes the importance of agricultural success to economic growth in Serbia, the Team does not recommend establishing a Strategic Objective focused on agriculture at this time. Rather, the major assistance needed for agriculture should be fully integrated into the Mission strategy for economic growth overall. One of the most important forms of assistance needed for agriculture is an improved macroeconomic policy environment. Continued banking sector assistance could also facilitate agricultural growth, particularly if it specifically seeks to encourage agricultural lending.

Within an economic growth strategic objective, two intermediate results focused on agricultural impact offer substantial opportunity for USAID assistance: association and co-operative development, and improved information systems. Many of the usual prescriptions for agricultural assistance are not a high priority in Serbia, as also outlined below.

Association and co-op development

Support by the Government for building producer associations was recently signaled by Finance Minister Mladjan Dinkic in saying the formation of an association among raspberry producers would strengthen their ability to compete internationally.²³ The Agriculture Assessment Team sees three ways that expanded and strengthened associations and cooperatives are needed.

Advocacy strengthening: Associations of farmers generally, of individual commodity producers, of input suppliers and of processors have been assisted by USAID in several Balkan states to become more effective advocates for their members' interests. These groups within the agriculture sector are particularly poorly represented on national issues in Serbia, except for the issues of tariff policy and price supports. In these areas, their capacity to influence national policy has been short-sighted and unsophisticated. They have missed opportunities to influence government services, transportation, infrastructure, banking, infrastructure, and other decision areas. The advocacy role of agricultural associations fits under USAID's democracy

²³ Statement made in an interview on B92 radio, reported in *Executive Newsletter*, p. 3, No. 563, August 4, 2004.

objectives, but it may be most effectively organized under the economic growth objectives because it is a relatively small part of what association building should undertake in Serbia.

Horizontal linkages: Few agricultural associations in Serbia serve all the potential membership within a region and none is very effective nationally. The first task of building associations will be to expand their membership, presumably by demonstrating the benefits of membership to a wider pool. A broad membership is needed for effective advocacy. It may also be useful in commodities that are substantially produced in more than one region.

Vertical linkages: Under CRDA, numerous agricultural commodity associations have been assisted, but the potential of these organizations to improve the cooperation among producers has not been fully realized. A common benefit they could accrue for their members is to establish more and better equipped collection points. For raspberries, the benefits of cold storage units are widely appreciated, even if they are not ideally organized yet. However, milk collection, feed mills, slaughterhouses and vegetable aggregation points for large buyers require improved cooperation that is not forthcoming quickly without assistance. Despite the apparent value of such facilities, there is only one slaughterhouse²⁴ licensed for export and most state-run slaughterhouses are in bankruptcy. Neither government (at any level) nor other donors is poised to address the potential for association expansion to improve the flow of agricultural goods.

Information systems

Inadequate information systems constitute the largest single inhibition to agriculture profits and, thus, to sector growth. A decline in national government services and the collapse of state marketing systems left lacunae that have not been filled for over a decade. This period has been a particularly active for change in international agricultural markets, leaving Serbian farmers out of touch with their trade opportunities. For efficient operation in domestic markets, they need better access to technological improvements, soil analysis, weather information, planting patterns of other producers, regional price variation, etc.

Price information: Agronet was developed as a system for compiling and reporting limited price information, but there is wide agreement that dissemination remains inadequate at present. As recognized in the design of USAID assistance to Agronet, price information is a public good that should be provided by the government. The Ministry of Agriculture has expanded its role in this area and continues to view providing this information as its responsibility. They are currently designing a market information system that would publish weekly farmgate prices.

Research and extension: The GOS is trying to rebuild its extension services. It acknowledges that they are currently inadequate and does not expect them to become adequate for at least 3 more years. The research arm of extension services functions relatively well, based both

²⁴ It is located in central Serbia.

at universities and at research stations. Their greatest weakness is in addressing practical issues that require fieldwork in cooperation with practicing farmers. The EAR began in 2002 to refurbish laboratory facilities at the research stations, including €5 million for equipment supported by €20 million in counterpart funds. These funds are still being spent out.

Ag census: The lack of a recent and complete agriculture census, that measures activity and resources devoted to agriculture throughout Serbia, significantly restricts the ability of donors, the GOS and the private sector to raise the sector's performance. USAID should consider ways to encourage and assist the completion of such a census. The FAO has good experience in assisting countries in a census and should be contacted if USAID decides to pursue a census further.

Analysis: USDA's Economic Research Service is has provided short-term training, mostly in-country, that was well regarded within the Agriculture Ministry. The USG role in building the analysis capacity of the Agriculture Ministry should be enhanced by adding more short-term exchanges to broaden the experience of Ministry staff while continuing their short-term training in Serbia. EAR provided policy advisors to the Agriculture Ministry's Policy Analysis Unit, but ended that form of assistance in 2004, largely because they regarded it as relatively ineffective. The Dutch have will begin, in September 2004, a twinning project to improve policy analysis within the Agriculture Ministry. Slovenia will begin at the same time to provide institutional support for the analysis unit. The FAO is using Italian funds to establish a quick response unit to deal with policy issues.

Assistance needing further consideration from USAID

Market chain analysis: Market chain analysis is an innovative development strategy that focuses on revitalizing a specific economic sector. The market chain strategy brings together all the players of the economic sector and targets analysis, training and technical assistance at all levels through the chain: from the farmer to the retailer. This logically can tie together the work USAID has been doing with associations, growers and our competitive/cluster activity to basically help the SMEs gain visibility and access to integrated supply chains. USAID has existing programs such as the Global Trade and Technology Network and The Last Mile, which can be leveraged to support a supply chain analysis activity.

Trade policy and WTO accession: Despite the benefits of WTO membership, Serbia has not shown the political will to make the reforms required by the WTO. The USAID advisors currently assisting in this area indicates membership will not be achieved for ten years. Nonetheless, there has been legislative progress on significant trade issues and a limited form of continued USAID assistance may be productive in implantation of these recent reforms and may facilitate a shift toward further, more substantive, trade reform.

Foreign direct investment: Foreign investors can be a source of technology and information in addition to being a source of investment funding. Most foreign investment to date, and most likely in the future, would come from European partners. USAID does not have comparative advantage in encouraging these relationships. AUSAID program (SEDP) tried matching Italian firms with Serbia counterparts, but did not find the effort to be very effective. Although the opportunity for Serbia to attract FDI will greatly depend on its ability to improve the overall conditions for FDI, USAID implementers can serve as one mechanism for helping to attract potential U.S. and other foreign investors.

Futures market: Currently there is no futures market in Serbia, which severely limits a farmer's ability to hedge their positions. While the overall conditions for a futures market are deemed immature, consideration could be given towards researching a small futures market in the raspberry sector to help protect grower's positions during harvest season. In addition, utilizing options (call and puts) as a hedging mechanism is a less expensive and sophisticated program that is easier, less risky and costly to implement, and can bear tremendous results.

Assistance not recommended from USAID

Credit: Several government funds provide agricultural credit, but the central need is for strengthening the commercial banking sector. The several schemes that offer credit subsidies to farmers have not attracted private bank partners. The state agricultural bank serves large projects. Farming has proven to be a reliable borrower with ProCredit Bank. The main constraint to expansion is the skills of private banking.

Land registration: The World Bank is assisting the preparation of a cadastre. Over 54 percent has been done and the balance is scheduled for completion in 2008. EAR plans €8-10 million for IT equipment to assist land registration. Not a constraint on lending since agricultural land is not useful as collateral regardless of security of tenure.

Registration of farms and farm animals is related to land registration, but differs both in technique and in purpose. The GOS would like to expand farm registration into to rein in the grey economy. With registration, tax collection, price and planting information collection, information dissemination, and disease control could be improved. The World Bank is aiding farm registration through its rural development technical assistance program. Expanding farm registration is a driving force behind the GOS agricultural credit program.

Laboratories: The European Agency for Reconstruction is actively assisting the laboratories that support agricultural production through soil, seed and input analysis.

Policy advisors: The Agriculture Ministry was supported by EU advisors, but that form of assistance was dropped due to weak political will to implement their recommendations.

The present Minister of Agriculture is recognized as progressive, so some consideration may be given to future USAID advisors. Of proven value is capacity building of local staff in the Agriculture Ministry, which, as described above, is less expensive and provides more sustainable results.

Civil service reform: Improved pay and other reforms for the civil service is essential to the functioning of the Republic government. The IMF has made this a central point in its program.

Local infrastructure or inputs: There is a vast need for improvement in local infrastructure. Potential agriculture sector benefits from such investment include better transportation, logistics, irrigation, and storage. CRDA has frequently provided assistance in this area. However, USAID assistance is not nearly large enough for a measurable impact on such infrastructure at the Republic level. This form of assistance cannot compete for priority for activities that affect many more people at once.

Legislation on coops: There is a need for new legislation on cooperatives, but no USAID assistance is needed since adequate legislation has already been drafted. If this is passed and implemented in its current form, it will facilitate the expansion of agricultural cooperatives consistent with USAID objectives in the sector.

III. AGRICULTURE IN MONTENEGRO

Sector size and potential

Agriculture, hunting and forestry account for about 11 percent of gross domestic product in Montenegro.²⁵ Employment in agriculture and employment in forestry each account for about 2.5 percent of overall employment in Montenegro.²⁶ While these data are not certain and other values have been reported for these parameters, the relatively small size of agriculture within the Montenegro economy is clear. Montenegro is a net importer of agricultural products. Montenegro was apparently a net exporter only of agricultural products only for tobacco products, leather and oil grains. From 2001-2003, agriculture reportedly averaged slightly under 20 percent of all imports and only 6 percent of exports.

Montenegro Agricultural Trade January-November 2003

	Exports		Imports	
	€1,000	%	€1,000	%
Meat	78	.04	13,376	3.90
Milk and eggs	332	.18	5,628	1.64
Fish	105	.06	2,675	.78
Cereals	833	.45	5,350	1.56
Fruits and vegetables	4,109	2.23	11,942	3.48
Sugar	184	.10	5,634	1.64
Coffee and tea	377	.20	6,939	2.02
Fodder	112	.06	844	.25
Nutrition products	283	.15	5,436	1.59
Beverages	3,578	1.94	4,061	1.18
Tobacco	6,085	3.30	2,423	.71
Leather	1,709	.93	36	.01
Oil grain	7,380	4.00	45	.01
TOTAL	25,165	13.64	64,389	18.77

Source: Central Bank of Montenegro

The potential of Montenegro to produce lambs was established in the past with seasonal exports to the Middle East during the Tito period, and to Bosnia and Croatia after the breakup

²⁵ As reported for 2000 and 2001 by *Monstat*, November 2003.

²⁶ *Montenegro Business 2002*, Center for Applied Research and Analysis, Table 8, p. 30.

of Yugoslavia. The livestock sub-sector has suffered from the collapse of state-run slaughterhouses and of international marketing. Although these two shortcomings developed several years ago, the private sector shows little sign of resolving them. If the external market for lamb could be revived, it would be valuable for Montenegro to retain the value of slaughter and to reduce the cost of live animal transportation by expanding domestic slaughter capacity.

Some private interests are considering refurbishing slaughterhouses. They are likely to target the domestic market for lamb. Exports generally require larger volume than any producer is capable of achieving today. Even a producer association is unlikely to have the capacity to assemble an adequate volume for the Middle East market since the volume of production remains depressed by current farm-gate prices in Montenegro.

German assistance has facilitated the development of a small organic agricultural association that has achieved preliminary certification from the Swiss. Organic production could add as much as 20 percent to the value of individual exports. At the low volumes currently produced, the sales are made only locally, but a substantial premium is also available. For example, organic beans recently sold in Podgorica for 40 percent over non-organic.

Privatization and state ownership

Privatization is not a major constraint on Montenegro's agricultural sector. There are no major state-run agricultural production enterprises. Input suppliers are private entities. The Republic continues to own some milk processing, but the sector is not dependent on these facilities.

Policy

Most major legislation for support of agriculture has been adopted in Montenegro, including a recent collateral law and a law on organic agriculture.

An **Agricultural Strategy** has not been prepared for Montenegro, but it is underway, based on assistance from Slovenia. Slovenia initiated this form of cooperation, but it was readily embraced by the GOM because Slovenia has prospered with a history and natural resource endowment similar to Montenegro's. It is nominally scheduled for completion by October 2004, but the Ministry of Agriculture actually expects it to be drafted by the end of CY2004. The draft will be circulated to donors and others for comment before it is considered for adoption by the GOM.

Montenegro's agricultural **trade policy** is usually characterized as liberal, particularly in relation to Serbian tariffs. This is to be expected since Serbia has the conventional national interest in protecting its agricultural producers, while Montenegro is much less dependent on domestic agriculture. However, the comparison of border measures between Serbia and Montenegro is considerably complicated by "special levies," particularly in Montenegro. These levies are typically charged according to a weight or volume of imports and, thus, are

independent of price. Many food products in Montenegro now carry a tariff of 30 percent, including lamb, chicken meat, cheese, olive oil and beer,²⁷ all products produced in Montenegro. When all charges are considered, some food imports are effectively taxed at much higher rates. For example, the state receives revenue²⁸ from beer imports equivalent to 105 percent of the border price, and revenues from chicken imports equivalent to 40 percent of the border price.²⁹

Effective tariff rates have been estimated by the USAID-supported WTO Accession Project, revealing some Montenegro border charges are prohibitively expensive. The logic of the effective import duties is apparently to derive revenue, but they are not transparent and are, reportedly, unevenly enforced, so they are not well designed for that, or any other, purpose. WTO Accession Project analysis found that tariffs on 56 agricultural products have not yet been harmonized between Serbia and Montenegro.

The USAID WTO Accession Project regards progress on technical accession issues in Montenegro as good, in contrast with the slow pace in Serbia. The major constraint in Montenegro is reluctance to invest strong authority in the Union of Serbia and Montenegro rather than in the Republic of Montenegro. Agricultural trade issues are addressed in the accession document coded ACC-4, which was drafted and revised for Montenegro by June 2004. Final approval by the Government of Montenegro is expected as soon as data are finalized.

IV. AGRICULTURAL RECOMMENDATIONS FOR THE MONTENEGRO STRATEGY

Although agriculture is a relatively small part of the Montenegro economy, it is important for social stability both in the north, where it provides jobs in a region with few alternatives, and on the southern coastal region, where it is a substantial contribution to the economy of the ethnic Albanian population. Thus, there are two justifications for undertaking assistance to agriculture: as part of a larger strategy for economic growth and, possibly, as part of a larger strategy for regional social stability.

Assistance in the agriculture sector in Montenegro should be provided in service of the two objectives described above, either of which would require some redesign from the approach currently taken by CRDA implementers. As discussed later in this report, however, CRDA has demonstrated its capability to assist agriculture in several ways, including building

²⁷ Reported in data from Montenegro Ministry of Agriculture.

²⁸ Including customs (30%), customs evidence (1%), agricultural tax, excise tax (€1.9 per volume content of alcohol), weight tax and VAT.

²⁹ Institute for Strategic Studies and Prognoses, Household Survey Report No. 9.

associations and partially funding improvements in infrastructure. A full economic growth strategy should precede and incorporate the design of agricultural assistance.

IV. CRDA review

This report was not intended to assess the Community Revitalization through Democratic Action (CRDA) program and is not based on research adequate for that purpose. Nonetheless, during the course of interviews and other investigations relating to CRDA activities, some ideas emerged about possible adjustments that might be appropriate to CRDA. In particular, the Agricultural Assessment Team sought better understanding of existing mechanisms by CRDA implementers for achieving specific economic growth results.

The CRDA program injected substantial resources into the Serbian economy quickly, as it was designed to do. Although the five regional implementers³⁰ in Serbia and two regional implementers in Montenegro³¹ differed in the details of their approach, they were uniform in achieving substantial success in each of the following fundamental areas.

- CRDA presented U.S. assistance in a form that has been conspicuous and positive to a very wide audience in Serbia. The U.S. objective of improving its image in Serbia following the Kosovo crisis has been served very effectively through CRDA.
- CRDA organized a wide network of community groups and linked these groups to municipal-level organizations, drawing thousands of people into public volunteerism.
- CRDA projects achieved a wide range of positive outcomes in each of the four pillars of its design: civic works, civic participation, environmental management, and economic development.
- CRDA encouraged optimism at the grassroots level in Serbia at a time when a large part of the world had condemned Serbia. By showing support for development in a rapid and conspicuous manner, CRDA played a significant role in encouraging a focus on progress rather than recrimination.

CRDA provided a model of civic cooperation and empowerment in many regions that had little recent experience in drawing community members together to resolve local problems. Local government officials were often participants in the CRDA process and were nearly always at least observers of the process. The CRDA implementers feel the local governments have both appreciated the presence of this model and have typically accepted the priorities that were identified by it. Various mechanisms were used by different implementers to address further the risk inherent in the CRDA design that local government may be weakened by the presence of an externally financed alternative for local organization.

³⁰ America's Development Foundation (ADF) in the north, Mercy Corps in the south, Cooperative Housing Foundation (CHF) in the southeast, International Relief and Development (IRD) in the west; ACDI/VOCA (formerly Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance) in the central region.

³¹ CHF in the north and IRD from Podgorica to the coast

For example:

- ADF has established a Citizen Advisory Group for each municipality in which it is active. The members are drawn from the smaller community groups that form the base of CRDA organization. The Citizen Advisory Groups, and their smaller working groups, participate in municipal hearings and other meetings with local officials.
- IRD coordinated closely with local governments in Serbia by co-financing most civic works. This attracted local officials into planning of CRDA projects in the other pillars. The Community Committees established by IRD link to working groups in each pillar for each municipality where they are active (13 of 25 municipalities in the region). The working groups include local government representatives and also report their decisions to the local governments.
- CHF took advantage of their experience in Serbia when they designed their Montenegro programs to more fully integrate local officials into their Community Development Councils. They attracted these officials by demonstrating the value of the Councils rather than by designating formal representation.
- ACIDI/VOCA invites, and attracts successfully, local government officials to their community meetings as observers and participants. This cooperation has strengthened local procurement process and avoided redundancy with locally funded initiatives.

Each implementer went beyond the central CRDA mandate to build democracy by also establishing a vision of potential economic growth results and of projects to promote those results.

- Some of these visions were formalized into selection criteria for project approval. ACIDI/VOCA, for example, specifies that decisions will be made on the basis of impact on minorities, handicapped and women; amount of funds leveraged; how well the proposal fits the CRDA pillars and the breadth of beneficiaries reached by the proposal. The wording and presentation of such criteria can be and have been adjusted to attract proposals consistent with the implementers' strategic vision.
- In many cases, CRDA provided training for some elected representatives. This training was typically designed to strengthen the process of community decision-making, but also provided implementers with an opportunity to direct proposals towards their strategy for the region.
- CRDA staff work closely with community groups during their planning sessions and during actual preparation of proposals. Although they seek community initiatives, they are able to and seek to guide the proposals toward their vision of what would be most effective.

A central concern about using the CRDA mechanism to promote economic growth is that the mechanism was not designed to yield, as its central focus, the USAID Mission's economic strategic results. To the extent that communities define what projects are proposed, CRDA does not fundamentally direct the economic growth outputs. It is essential to the concept underlying CRDA's democracy objectives, that communities define for themselves

what economic development measures should be undertaken. As discussed above, each CRDA implementer has provided direction even while allowing communities considerable freedom in project selection. Thus a strategic economic impact can be ensured through CRDA, but it is not an efficient approach for achieving those objectives, *per se*.

CRDA relies on many small actions in order to have a broad impact and to ensure a role for a large number of community participants. This results in a heavy administrative burden to monitor individual project implementation and impact. In practice, most project impacts and beneficiaries are reviewed superficially compared to the standards normally expected of USAID grant recipients. For example, projects designed to benefit an agricultural cooperative may not be monitored adequately to ensure the cooperative, in fact, exists beyond its role in attracting the CRDA funds.

CRDA is, by its design, not an optimal mechanism for activities that require cooperation across municipalities or that benefit many communities simultaneously. It depends on proposals from communities for most of the project designs it funds. As currently implemented, no CRDA activity reaches outside a sub-region of Serbia or Montenegro. Nonetheless, it has demonstrated a capacity for cooperation across communities. For example, ACDI/VOCA has implemented \$3.2 million of “cluster projects,” each serving multiple communities. Other CRDA implementers have also adopted the cluster projects approach.

CRDA also suffers the problem common to many institution designed to promote democracy that the participants in the program are inclusive of the entire eligible community. For example, in western Serbia, the major agricultural products are fruits, but very few of the agricultural projects funded by CRDA benefited fruit producers. This was explained by IRD staff as a result of failing to attract fruit producers to the CRDA Community Committees. Although democracy institutions tend to reward those who are most active in them, CRDA has made effective efforts to include minorities, IDPs, women, and other traditionally disadvantaged groups.

The sustainability of CRDA lies in the lessons it teaches about such democratic skills as community organization, public debate, planning and procurement. The institutions it establishes while teaching these lessons are not themselves financially sustainable beyond the duration of CRDA funding. The activities funded by CRDA generally rely, in part, on funds from some other entity, such as local government, municipality or beneficiary association. However, the temporary nature of CRDA limits the range of activities that it may support. Sustainability of CRDA’s contributions to economic growth is uneven at best.

V. USING CRDA TO PROMOTE ECONOMIC GROWTH

This section addresses the question of how CRDA could be modified to optimize its impact to focus on economic growth in Serbia and Montenegro.³²

Features to be retained

Certain aspects of CRDA must be retained if CRDA adopts an economic growth objective if the activity is to take advantage of CRDA's strengths. These include:

- Multiple implementers: There are seven implementers of CRDA. Although one or more of these might be changed, CRDA would be unable to take advantage of the local expertise and contacts it has developed if it were to transform into a single national-level program.
- Local boards: CRDA is built upon organizing communities to play a large role in allocating CRDA resources.
- Implementer initiated programs, such as training and exchange programs: Such programs could be used to promote economic growth.

Features to be changed

Other aspects of CRDA are relatively ineffective in promoting economic growth and should be altered if CRDA changes its objectives to economic growth. For example:

- Conversion from demand-based project selection to strategy-based selection: A central concern about using the CRDA mechanism to promote economic growth is that the mechanism was not designed to yield USAID's strategic results, i.e., CRDA is designed to have its impact mainly through the process through which resources are allocated. The resources themselves are inducements to join the process. To the extent that communities define what projects are proposed, CRDA does not fundamentally direct the immediate outcomes, including economic growth outputs. It is essential to the concept underlying CRDA's democracy objectives, that communities define for themselves what economic development measures should be undertaken.

Even though CRDA is not based on an approach that relates activities to USAID's strategy, each implementer went beyond the central CRDA mandate to build democracy by also establishing a vision of potential economic growth results and of

³² Although the tone of this paper is prescriptive, it is not the outcome of an intensive review. The tone is intended to convey recommendations clearly and concisely, not to imply that there are no viable alternative approaches.

projects to promote those results. If these measures were successful, they demonstrated the capacity of CRDA to focus on strategic results rather than a decision process.

Some of these visions were formalized into selection criteria for project approval. ACDI/VOCA, for example, specifies that decisions will be made on the basis of impact on minorities, handicapped and women; amount of funds leveraged; how well the proposal fits the CRDA pillars and the breadth of beneficiaries reached by the proposal. The wording and presentation of such criteria can be and have been adjusted to attract proposals consistent with the implementers' strategic vision.

In many cases, CRDA provided training for some elected representatives. This training was typically designed to strengthen the process of community decision-making, but also provided implementers with an opportunity to direct proposals towards their strategy for the region.

CRDA staff work closely with community groups during their planning sessions and during actual preparation of proposals. Although they seek community initiatives, they are able to and seek to guide the proposals toward their vision of what would be most effective.

- Uniform process to be established for ensuring strategic impact: To take full and efficient advantage of the mechanisms already tested by CRDA implementers to pursue strategic goals, CRDA as a whole should identify the relevant lessons and set standards for future implantation of strategy in lieu of its original process focus.
- Additional economic growth expertise within implementers: Identifying economic growth targets and approaches for achieving them will require expertise that was not needed in CRDA as a democracy program.
- Better monitoring of aggregate impact: CRDA needs difference mechanisms for monitoring economic impact that it applied to measuring democracy impact. Counting individual project results is not adequate for the likely economic goals. Impacts on sustainability and indirect beneficiaries, at least, should be recorded.
- Relocate CRDA within USAID/SAM to economic growth office: The several changes needed to refocus CRDA, and the need to coordinate its efforts with other economic growth activities, argue for fully integrating CRDA into the economic growth management.
- Setting national economic growth project priorities: National priorities and targets for economic growth should be defined by USAID, in collaboration with others, before

granting funds to the CRDA implementers.

- Better integration of local input with local government: A major challenge facing CRDA in its democracy impact has been to strengthen local government while utilizing a mechanism that could be parallel or competitive for local energies. Just as each implementer was able to guide project selection toward certain strategic outcomes, each implementer also sought ways to support local government. The lessons learned in these efforts should be shared and guidance provided to ensure that CRDA, as it focuses on economic growth, takes full advantage of the possibilities to strengthen local government and other democracy objectives.

Strengths

CRDA has performed very well on numerous issues of value to SAM and to U.S. policy. While that does not imply it will perform well in assistance for economic growth, it suggests that it has significant strengths that should be considered in designing an economic growth program in SAM. The following areas are substantial merits that CRDA could direct to economic growth.

- Existing networks: CRDA organized a wide network of community groups and linked these groups to municipal-level organizations, drawing thousands of people into public volunteerism.
- Existing reputation: CRDA presented U.S. assistance in a form that has been conspicuous and positive to a very wide audience in Serbia. The U.S. objective of improving its image in Serbia following the Kosovo crisis has been served very effectively through CRDA.
- Experience in certain forms of economic growth assistance: CRDA projects achieved a wide range of positive outcomes in each of the four pillars of its design: civic works, civic participation, environmental management, and economic development. The implementers and other participants in CRDA have accumulated considerable knowledge and experience that will be directly useful for promoting economic growth.

Limitations

Some aspects of CRDA constrain its potential to promote economic growth. These limitations may be severe enough to recommend that CRDA is not used for economic growth purposes. At least, they demonstrate that CRDA is not a reliable mechanism for certain economic growth goals. How important the limitations are for SAM depends both on the CRDA mechanism and on what economic growth targets are selected for the USAID program.

- National programs cannot be done through sub-national implementers: CRDA is, by its design, not an optimal mechanism for activities that require cooperation across municipalities or that benefit many communities simultaneously. It depends on proposals from or approval by communities for most of the project designs it funds. As currently implemented, CRDA activities rarely reach outside a sub-region of Serbia or Montenegro. When USAID/SAM completes its economic strategy, it can rely on CRDA only to implement components that are regional in scope.
- Administrative cost: CRDA relies on many small actions in order to have a broad impact and to ensure a role for a large number of community participants. This results in a heavy administrative burden to identify activities, monitor individual project implementation and determine impact. Furthermore, utilizing seven implementers requires considerable overhead. These administrative burdens cannot be separated from CRDA as it is currently structured.
- Local control of decisions must be constrained more than formerly: If CRDA is redirected toward a strategic approach, the logic that drives local participation will be undermined. There will be less incentive for local participants to spend their time if they have less room to influence how the funds are used. Thus the democracy impacts are likely to be compromised. The rationale for using a community organization must be called into question.

VI. PERSONS VISITED

Serbia

America's Development Foundation

- Michael Miller, President and Acting COP
- Sasa Uzelac, Economic Mobilization Coordinator

ACDI/VOCA

- Gene Neil, Chief of Party
- Dejan Radisavljevic, Economics Opportunities Officer

Agroekonomik

- John Walker
- Branislav Dusic, director prodaje za ključne kupce
- Marjan Babovic, Izvršni director prodaje

Agronet

- Ivanka Milenkovic, President
- Dragan Djordjevic, Director

America's Development Foundation

- Michael Miller, President and Acting COP,
- Sasa Uzelac, Economic Mobilization Coordinator

AMCHAM Serbia and Montenegro

- Richard S. Danicic, Executive Director

Booz, Allen, Hamilton

- Andrew Vonnegut, Chief of Party
- Remer Lane, Business Development Advisor
- Jack P. Wilson, Sales Force Development Advisor
- Dragan Maric, Export & Cluster Development
- Timothy Collins, Communications Advisor

CHF International

- Timothy Madigan, Program Director

Competitiveness and Innovation SEED

- Kip Garland, Principal

Deloitte Touche Tohmatsu

- Joe Doherty, Senior Manager

Development Alternatives International

- J. Dwyer, Principal Consultant
- Anju Aggarwal, Business Development Coordinator, Bannock Consulting

European Agency for Reconstruction

- Simon Davies, Programme Manager
- Andrej Papic, Programme Officer, Environment and Agriculture

GTZ

- Wolfgang Limbert, Program Coordinator
- Christian Kauhold, Project Manager

International Monetary Fund

- Joshua D. Charap, Resident Representative in Serbia and Montenegro

International Relief and Development

- Milojko Knezavic, Deputy ER Specialist
- Sasa Marusic, Agricultural Marketing Program Officer

Mercy Corps

- Mazen Fawzy, Chief of Party
- Karen Swails, Economic Development Officer

ProCredit Bank

- Dorte Weidig, General Manager
- Nevenka Micanovic, Head of Payments and Corporate Banking

Raiffaisen Leasing

- Vladimir Milojevic, Head of Sales Department
- Galina Kostyleva, Managing Director

Republic of Serbia,

Ministry of Agriculture, Forestry and Water Management,

- Goran Zivkov, Assistant Minister for Economics, Statistics and Policy

Opportunity International

- John Schubert
- Stuart White, Board Chair

Serbia and Montenegro Export Credit Agency (SMECA)

- Terrence Mohoruk, Consultant

**Southeast Europe Enterprise Development (SEED)
The World Bank Group – IFC**

- Slobodan Nakarada, Country Program Manager

**U.S. Department of Agriculture,
Foreign Agriculture Service**

- Zlatko Jovanovic, Agricultural Assistant
- Darko Lojen, Agricultural Assistant

WTO Accession Project,

- Kim Hjort, Accession Team Leader
- Brankica Obucina, Economist, The Services Group

Van Drunen Farms

- Matt Sandstrom, Quality Control Manager

Montenegro

International Relief and Development

- Ljubomir Jandrijasevic, ERIG Team Leader

CHF International

- Nathan Koeshall, Program Director
- Eugene Miller, **Crosswinds**, consultant to CHF

Department of Development, Republic of Montenegro

- Dusan Simonovic, Secretary
- Sylvia Droys, German consultant

**Ministry of Agriculture, Forestry, and Water Management
Republic of Montenegro**

- Milan Markovic, Deputy Minister

Institute for Strategic Studies and Prognoses

- Peter Ivanovic, CEO

Opportunity Bank

- Keith Flinham, General Director
- Nebojsa Scekcic, Risk Management Director
- Aleksa Lukic, Business Development Director
- Zorana Maric, Agriculture Loans Consultant
- Predrag Lalovic, Head of SME